

■ Small Businesses Drive the Global Economy

Let's Make it Easier for Small U.S. Firms to Trade

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Small businesses are the backbone of the U.S. economy. Nearly 25 million small businesses employ more than half of the entire private work force in the United States. Over the last decade, small businesses have been an economic juggernaut for our national economy. In those years, small businesses created 75 percent of all new jobs, developed over 50 percent of new technologies and innovations, generated over half of private GDP, and provided the stable economic and social base essential to our towns and communities.

Global trade by small businesses has increased over that same period. Nearly 250,000 small businesses now export, which is triple the number of 10 years ago. Many more small businesses are indirect exporters as subcontractors or suppliers for larger companies that export. One of three export sales dollars goes back to a small business. But this number must increase dramatically to keep pace with the challenges of globalization and trade imbalances.

■ COORDINATING FEDERALLY

As chairman of the Committee on Small Business in the U.S. House of Representatives, and an advocate of free but more balanced trade, I welcome efforts by this administration

and the rest of the federal government to increase the number of small businesses exporting. President Bush's *National Export Strategy*, released in May 2002, addressed the fact that more small businesses need to be aware of the advantages of exporting. The report recognized that federal agencies should have a more proactive and coordinated approach, provide improved customer service, and expand agency outreach efforts.

Effective coordination of federal programs is needed to leverage scarce resources. Federal agencies, as trade promotion service providers, are accountable to their business customers. Training and outreach services must keep pace with a rapidly changing business environment.

Since the publication of the export strategy, the U.S. Small Business Administration (SBA) has increased the limit of its *ExportExpress* business-development loan guarantee program from \$125,000 to \$250,000. The Export-Import Bank of the United States, the SBA, the U.S. Commerce Department's Census Bureau and International Trade Administration, and the U.S. Department of Agriculture have established a joint marketing task force that now meets regularly to coordinate literature and

pavilions at major domestic trade shows, trade financing seminars, and direct mail campaigns.

At my suggestion, the administration recently created an interagency training program to improve trade facilitation services for small businesses bewildered by the process and number of government forms, agencies, and participants. The idea was to transform appropriate agency staff into personal export assistance officers (PEXOs), cross-trained in all relevant public and private trade promotion and assistance programs, to serve as contact points and account managers for small business customers. The Trade Promotion Coordinating Committee, composed of the 19 federal agencies that facilitate trade and headed by Jeri Jensen-Moran, conducted the first interagency seminar for PEXOs in January 2003. Nine agencies participated. This training program must be extended to all field staff to emphasize the unified approach.

The federal agencies involved must expand this outreach to promote exporting by U.S. businesses. Further examination of various financing programs, vigorous promotion of a unified approach, training federal employees in this unified approach, and creating the mechanisms to

open up opportunities overseas are all necessary to create a better exporting environment.

COMPETING INTERNATIONALLY

Free trade not only has created opportunities for businesses to introduce themselves to new markets, but has increased foreign competition as well. In this globally competitive environment, U.S. small businesses and especially manufacturers must have every opportunity to compete. The ability of U.S. small manufacturers to compete for supply chain opportunities with foreign corporations and with U.S. multinational companies must be enhanced. U.S. small businesses provide the highest quality products at competitive prices. Our larger corporations must see the economic and political benefits of sourcing from their smaller colleagues. I refer to this sourcing concept as “America’s Jobs First,” and I plan to roll it out more formally soon.

In all these efforts, the opportunities presented by the Chinese economy must be realized. China’s WTO membership has advanced the implementation of commitments made as part of its accession obligations. As this process continues, more and more small and medium-sized U.S. firms, including my constituents, have sought and found business opportunities in China. And China is an important market for smaller firms; few people know that 83 percent of all direct U.S. exporters to China are small and medium-sized companies. In 1999, small firms accounted for more than one-quarter of all exports to China. The number of multinational companies in China now requires us to promote our small businesses vigorously. They must be seen as competitive sourcing alternatives. Additionally, the number of small businesses exporting to China grew by a remarkable 221 percent between 1992 and 1999.

China can be a very difficult market to penetrate and an even more difficult



Photo courtesy of the office of Congressman Manzullo.

Congressman Don Manzullo and Hamilton Sundstrand employee Mark Lundy discuss one of the parts the Rockford company makes for the U.S. military’s C-17 transport plane. Manzullo was on hand to help celebrate the Boeing Co.’s 100th delivery of the plane, each of which includes parts made in Rockford.

market for sustaining a profit. There are several tips on doing business in China, some of which include conducting thorough market research, finding the right partner, building strong relationships, and making sure that you know with whom you are doing business. Several important resources exist to assist small firms in their exploration of China as an export market, including the U.S. Commerce Department’s China Gateway (www.mac.doc.gov/china), the offices of the U.S. Commercial Service in China (www.buyusa.gov/china/en), the U.S.-China Business Council (www.uschina.org), and *The China Business Review* (www.chinabusinessreview.com). All of these resources include business advice, marketing strategies, and relevant updates and briefings.

As the driving force behind our economy, our small businesses must be promoted. If the forces of globalization continue to sideline and destroy our small manufacturers, our national

economy, our social fabric, our international relations, and our national security all will suffer greatly. Our small manufacturers must compete in global markets. They must not be shut out. Our efforts to encourage the growth and prosperity of our small businesses are ongoing and vital to the strength of our nation. I look forward to challenging and supporting our government and multinationals in enabling our small businesses to compete globally in the 21st century. ■

The author represents the 16th congressional district of Illinois. In the U.S. House of Representatives, he is chairman of the Committee on Small Business as well as the U.S.-China Interparliamentary Exchange.